

Entrepreneurship in Indian Agriculture Sector

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Abstract

Agriculture is a very essential and important part of everyone's life, so that it is a successful business idea also. Agriculture entrepreneurship in India has great scope for providing service in terms of effective management of farm resources such as soil, water, seed and agriculture inputs and basics for commodity marketing needs. Farming and associated businesses provide about half of all employment in developing countries but do not produce adequate income to raise people out of poverty. Thus, entrepreneurial enterprises linked with agriculture make a strong solution for rising family incomes. The good managerial skills and entrepreneurial expertise infused with government policy and regulatory measures would favour the accomplishment of the growing needs of agriculture entrepreneurship in present day situation. The present generation of Indian rural youth aspires for equated opportunities for income generation as much that is enjoyed by urban youth. An individual who is confident, risk bearer, honest, visionary and innovative can attest to be a right agricultural entrepreneur. Agriculture entrepreneurship contributes to the national income along with direct employment and income to the larger and especially rural areas. Value added farm products offer entrepreneurs with larger return-on-investment and profit. Therefore, entrepreneurs have to take benefit of change in consumer demand and satisfy consumers' needs of value-added farm products.

Key words: Agriculture, entrepreneur, rural areas, income generation

Entrepreneurship has been connected to improved growth, increased capital and quality of life of a nation. Agriculture is the main economic activity which adds to the overall wealth of the country and agriculture entrepreneurship development is the best substitute to find employment opportunities, income making, and food security and contribution in the national economy. To adapt the erratic market prices of commodities, varying consumer habits, stringent environmental regulations, new requirements for product quality, food safety sustainability, such changes have opened the way for new competitors, innovation, and group



entrepreneurship. The farm enterprise may be expanded through tourism or other forms of non-agricultural business, or by integration of the value chain by engaging in food processing, direct marketing, or through organic methods of crop production.

Agriculture entrepreneurship is the beneficial combination of farming and entrepreneurship and convert farm clusters into agribusiness hubs. This association of agriculture and business promotes rural agriculture entrepreneurs who innovate, identify markets, and satisfy needs by developing different ways.

Types

- **Farm Level Producers:** - The farmer's family is treated as business enterprise for increased production / productivity of farm commodities by utilizing the advanced agricultural science and technology along with current market demand.
- **Service Providers:** - There are various kinds of services which play essential role in farming enterprises at the rural areas. These include the input distribution through credit supply chain, deploying of all farm equipments such as tractors, implements including sprayers, seed drills, threshers, harvesters. It also consists of scientific services setting up of irrigation facilities, weed management, plant protection, harvesting, threshing, transport, warehouse etc. and related opportunities present in the livestock husbandry region for breeding, immunization, disease diagnostic and veterinary treatment services, along with provision of animal husbandry technology such as nutritious cattle feed, mineral combination, forage grains, etc.
- **Input Producers:** - There are many booming enterprises which require significant contribution and such inputs can be produced by the home entrepreneurs at the village level are bio pesticides, soil improvements, biofertilizers, vermicompost, saplings of diverse species of vegetables, fruits, ornamentals, rooting media for raising plants in pots, production of cattle feed concentrate, agricultural tools, irrigation accessories, mineral mixture and complete feed. Emerging opportunities are available in fishery, sericulture, piggery and poultry sectors as well.
- **Processing and Marketing of Farm Produce** Highly qualified and skilled persons and higher investment required for well-organized management of post-production processes. Such enterprises can be controlled by farmers' Organizations like cooperatives and societies.



Opportunities and Scope

The opportunities in the agriculture entrepreneurship have notably stretched out due to globalization of trade, agriculture, policy reforms at national level and an extraordinary business interest in this sector in present days. According to surveys, total rural market in India is larger than national urban market and the entire world looks forward with great hopes for the fast growing Indian rural market, which is crucial for building corporate growth strategy in the country.

In present financial year, till January 2020, exports of agricultural and processed food products totaled US\$ 28.94 billion. whereas exported \$38 billion worth of agricultural products in 2013, making it the seventh largest agricultural exporter worldwide and the sixth largest net exporter and most of its agriculture exports serve developing and least developed nations. Indian agricultural/horticultural and processed foods are exported to more than 120 countries, primarily to the Russia, United Kingdom, Russia, Pacific ocean countries, Australia, Japan, central Asia, middle east / ASEAN / SAARC countries, the European Union and the United States. A large part of Indian population is reliant on agriculture and this area also supplies raw material for different industries.

- Agro-commodity processing units such as rice mills, wheat mills, pulses mills etc.
- Agro product manufacturing units is based on the agricultural produce as the main raw material. Example- sugar factories, textile mills, baking industry, vine industry etc.
- Inputs manufacturing units for the production of fertilizers, agro-chemicals, packaging materials, farm implements and equipments etc.
- Agro service centers are the workshops for repairing and serving the farm implements used in agriculture.
- Miscellaneous enterprises like setting up of apiculture, sericulture, feed / fodder processing units, seed processing units, mushroom production units, commercial vermin-compost units, organic farm products outlets. Product marketing and consultancy units as wholesale, retail, commission agent, transport, export, finance, storage.



- Inputs marketing units as fertilizer, agricultural chemicals, seeds, machineries, animal feed, poultry hatchery, landscaping, custom service, bio-control units and biotech units.
- Processing units based on milk, fruits, vegetables, paddy, sugarcane, cashew, coir, poultry and cattle.
- Facilitative for research and development, marketing information, quality control, and insurance like FARMER NGO.
- Value added agribusiness based on value-added products includes organic vegetables, natural cheese, unbleached flour, gluten-free food, and heritage apples.
- As per 2018, agriculture employed more than 50% of the Indian work force and contributed 17–18% to country's GDP. So there is a great scope in entrepreneurs development in Indian agriculture sector and following points support it.
- India is gifted with diverse ago-climate, which assists production of temperate, sub-tropical and tropical agricultural produce.
- Demand for agricultural inputs like feed and fodder, inorganic fertilizers, bio-fertilizers have increased.
- Applications of biotechnology in agriculture is boon for production of seed, bio-control agents, industrial harnessing of microbes for different products.
- Immense potential to recuperate its present position in the World trade of both raw and processed form of agricultural commodities. At present processing is done at primary level only and the rising standard of living expands opportunities for secondary and tertiary processing of agricultural commodities.
- Large coastal line and internal water courses should be utilized for production of marine and inland fish. Ornamental fish culture already gaining popularity due to growing aesthetic value among the citizens of India.
- The livestock wealth provides vast scope for production of meat, milk and milk products, poultry products etc.
- The forest resources can be utilized for production of forestry byproducts.
- Beekeeping can be taken up on great extent in India.
- By improving technique of production, enhancement in domestic consumption and
- export of mushroom production can be done.



- The farmers should be encouraged and educated for organic farming as organic farming has highest potential in India as the pesticide and inorganic fertilizer application are less in India compared to industrial nations of the world.
- Huge opportunities for production and promotion of bio-pesticides and bio-control agents for protection of crops for national farm markets.
- Due to increasing in the productivity of high yielding varieties; seeds, hybrid and genetically modified (GM) crops have the highest potential in future.
- Owing to declining groundwater level and labor scarcity for agricultural operations like weeding, transplanting and harvesting, micro-irrigation systems and labor saving farm equipments have potential in coming years.
- Production of vegetables and flowers under green house conditions can be harnessed for the domestic and export markets.
- Trained human resources in agriculture and allied sciences will acquire on agricultural extension system due to deteriorating state finance resources and down-sizing the present government agricultural extension staff as consulting services.
- Employment opportunities have increased in marketing, transport, cold storage and warehousing facilities, credit, insurance and logistic support services because of enhanced agricultural production.

Potential

According to census of 2019, there are a total of 664,369 villages in India. If all villages grouped of five villages; 132,873.8 clusters formed and by creating a minimum 16 agricultural entrepreneurship in each cluster with 10 employments for each business idea; more than 2 million people will get employment.

Obstacles

- Agriculture is largely a means of livelihood for most of the farmers. It is difficult for the uneducated small farm owner to turn their farming into an enterprise due to lack of adequate information, capital, technology and connectivity with the market.
- There is a need to create opportunity-awareness along with market trends among the farmers about the benefits of these services as they are innocent about it.
- The free service provided by the Government organizations for promotion of services should be discontinued. These services do not reach to small farmers living in distant



areas. This concept of free service makes the farmers reluctant to avail compensated services offered by the local self-employed technicians.

- There is need of regular back up services for self-employed technicians, contact with the marketing agencies, suppliers and research stations who are involved in the development of modern technologies.
- They have to face several legal restrictions and obstacles and private traders involved in such business generally ignore these rules and disturb the fair trade environment.
- Organizations feel risk in making heavy investments and implementing modern technologies which affect the profitability. Thus, resultant farmer members lose interest in their own enterprises.
- Agriculture entrepreneurs have to face the challenge of changes in consumption, products sought, distribution systems, new technologies, and industry structure and there is cut off between the locations where agricultural products are produced, processed and consumed.
- Higher risk and uncertainty in decision making. There is need of innovation, development, and adoption of new technologies that facilitate increased production efficiency and profitability.
- Changes, competition, evolving industry structures and climate change. Geographic location, farm size, topography, explosive prices and product supplies, low and erratic earnings, environmental costs, poverty, insecure livelihoods, lack of access to technology, socio-political instability, natural disasters, degradation of the environment, gender discrimination, high start-up costs, problem in obtaining credit for their startup.

Motivation

The major motivation for agriculture entrepreneurs is to raise household income and expand primary agriculture business so that the family members can be occupied. As Singh, 2014 reported that the entrepreneurship is a feasible approach for upward mobility as a 1% increase in entrepreneurial activities decreases the poverty rate by 2%. Agriculture entrepreneurship is a source of good living and it is good for individuals who do not have other career options. Some wants to take advantage of unique resources and use them for competitive advantage in business operations. Small farmers can remain economically viable



on expanding their activities and selling value added products. For increasing the likelihood that consumer will purchase their costly products and provide sufficient profit, product uniqueness must be maintained. Agricultural entrepreneurship has a significant impact on business growth and survival (Verhees et al., 2011).

Government Initiatives and Support

- Cluster formation & notification of industrial & commercial areas.
- Creation of civic facilities in each cluster at par with cities.
- Interest free finance facilities for agriculture entrepreneurship of up to Rs. 1Crore.
- Single window clearance of governments' approvals.
- 15 years tax exemptions and moratorium for Agriculture MSMEs.
- Incentives in form of subsidy and grants in aid.
- Creation of banking and solar electricity network.
- Adequate budget provision to set up agriculture entrepreneurship.
- Capacity building by skill developing and training.
- Opening of marketing outlets "Kisan Kiosks and Hats" in cities.
- Apex purchase organization up to district level.

Conclusion

Agriculture entrepreneurship is the present day need to make Indian farms as commercial production enterprise and it is possible only by effective management of agriculture component; soil, seed, water, market requirements. Agriculture and domestic businesses provide about 50% of employment in half of all jobs in developing countries (World Bank, 2012) but do not produce sufficient income to raise people out of poverty. Thus, entrepreneurial actions associated with agriculture generate a solution for growing household incomes. The right business decision-making ability and commercial knowledge, financial credit back up, supported with government regulatory and policy measures would make possible success of the growing needs of agricultural entrepreneurship in India. Agriculture entrepreneurs are innovators, determined, creative leader, always looking for opportunities to improve and expand their business at any level and they like to take calculated risks, and assume responsibility for both profits and losses. They are passionate about growing his business and constantly looking for new opportunities.

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